

House Select Committee on Statewide Health Care Costs

Interim Charge #2: Study the opportunities to better coordinate how public dollars are spent on health care

A brief background on Methodist Healthcare Ministries. We are a private, faith-based, 501(c)3 not-for-profit organization dedicated to increasing access to health care for uninsured and low-income Texas families through direct clinical services, community partnerships and strategic grant-making in 74 counties spanning the Rio Grande Valley and South Texas. Created in 1995, we are a half owner of 10 Methodist Hospitals in Bexar County and South Texas. Through our partnership with HCA Healthcare, Methodist Healthcare Ministries provides the local governance for the Methodist Healthcare System to ensure that the healthcare needs of the community are served.

State leadership should support measures that increase access to health care services to reduce the total healthcare costs assessed to the State of Texas.

Health care costs are one of the largest funded items in the Texas state budgetⁱ. Nevertheless, our state continues to have the highest uninsured rate in the country with over five million hard-working Texans in low wage service industry jobs who do not have access to affordable and comprehensive healthcare. These are individuals who fall below the poverty line, do not have employer sponsored coverage, earn too little to qualify for health insurance subsidies through the federal healthcare exchange programs and do not qualify for Medicaid coverage. According to recent projections, if there is no intervention to address the millions of Texans without health coverage, the cost of lower lifetime earnings will increase from \$57 billion in 2016 to \$178.5 billion by 2040.ⁱⁱ

BACKGROUND INFORMATION

In 2011, the Texas Health and Human Services Commission (HHSC) obtained approval for a \$29 billion [Section 1115 research and demonstration waiver](#), commonly known as the 1115 Texas Transformation Waiver. This waiver has been an instrumental component for the hospital and healthcare provider safety net system, making primary, school-based, behavioral health and specialty care available to uninsured Texans who otherwise would not receive care. It enabled Texas to expand its managed care delivery system and create two funding pools for Medicaid recipients, the uninsured and low-income: Uncompensated Care (UC), which pays hospitals for delivering care to patients without health insurance, and Delivery System Reform Incentive Payment (DSRIP) Program, which provides funding for innovative healthcare initiatives.

In 2017, the renegotiated \$25 billion waiver called for the winding down of DSRIP funded projects and significant funding changes to UC payments. The Texas DSRIP program is the nation's largest, serving approximately 12 million Texans, 300 providers, and more than 1,400 participating projectsⁱⁱⁱ. Without the successful renewal of the 1115 Texas Transformation waiver, many hospitals and providers will face financial uncertainty, particularly in rural Texas counties with high numbers of uninsured patients and uncompensated care costs. The series of health services and programs that have helped many Texans improve their health outcomes will also not be able to continue without this funding.

RECOMMENDATION

The focus on the state's uninsured population has grown stronger as the result of the COVID-19 pandemic. The lack of access to care for our uninsured adults has only been exacerbated with the addition of over 650,000 newly unemployed Texans who lost their jobs and access to insurance.

Without the adoption of Medicaid expansion or a similar policy, the robust infrastructure the 1115 Waiver created to support healthcare services for newly insured individuals under the Affordable Care Act (ACA) will not be able to be sustained upon its expiration.

Foregoing billions in federal funds will leave an estimated 1.2 million low-income, uninsured Texans in a coverage gap without access to affordable health insurance and health care services^{iv}. Rising unemployment rates due to the COVID-19 pandemic, will further widen the coverage gap to 50% by January 2021 in the absence of Medicaid expansion^v.

Lawmaker should take action this legislative session to eliminate barriers to critical care programs for mental, behavioral, preventative, and reproductive health service. Texas must act swiftly to expand coverage and draw down available federal dollars to cover individuals who have fallen into the coverage gap and prevent the ensuing economic downturn from worsening access to care and health outcomes^{vi}.

Thank you for your time and consideration of these comments and recommendations.

ⁱ Texas Comptroller (2017, March). Fiscal Notes: Counting the Cost of Texas Health Care. Retrieved September 2020 from <https://comptroller.texas.gov/economy/fiscal-notes/2017/march/health-care.php>

ⁱⁱ Episcopal Health Foundation (2019, January). The Impact on of Uninsurance on Texas Economy. Retrieved September 2020 from <https://www.episcopalhealth.org/wp-content/uploads/2019/01/Econ-Impact-of-Uninsured-Applied-Policy-McClelland-004.pdf>

ⁱⁱⁱ Texas Comptroller (2019, August). Fiscal Notes: Texas and the 1115 Medicaid Waiver. Retrieved September 2020 from <https://comptroller.texas.gov/economy/fiscal-notes/2019/aug/healthcare.php>

^{iv} National Center for Biotechnology Information. Medicaid Expansion Under the Affordable Care Act: Implications for Insurance-Related Disparities in Pulmonary, Critical Care, and Sleep. (May 2014)

^v Episcopal Health Foundation. (2020, May). Eligibility for Affordable Health Insurance Options for Texans Following Job Loss Due to COVID-19. Retrieved September 2020 from <https://www.episcopalhealth.org/wp-content/uploads/2020/05/EHF-COVID-19-Health-Coverage-for-Texans-Issue-Brief-05.18.20-FINAL.pdf>

^{vi} Center on Budget and Public Priorities. (2020, July). States that Have Not Expanded Medicaid Are Better Positioned to Address COVID-19 and Recess. Retrieved September 2020 from <https://www.cbpp.org/research/health/states-that-have-expanded-medicaid-are-better-positioned-to-address-covid-19-and>